

PUBLIC DISCLOSURE

APRIL 2, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

STATE STREET BANK AND TRUST COMPANY

225 FRANKLIN STREET,
P.O. BOX 351
BOSTON, MA 02110

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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TABLE OF CONTENTS

- I. General Information
- II. Scope of Examination
- III. Institution
 - a. Institution Rating
 - b. Description of Institution
 - c. Description of Assessment Area
 - d. Conclusions with Respect to Performance
 - 1. Level of Activity
 - 2. Responsiveness to Community

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **STATE BANK and TRUST COMPANY** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **April 2, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

SCOPE OF EXAMINATION

State Street Bank and Trust Company (State Street) is designated as a wholesale institution under the laws of the Commonwealth of Massachusetts and the Board of Governors of the Federal Reserve System. Under the CRA regulation, the CRA performance of wholesale institutions is assessed under the community development test. The community development test considers the institution's community development activities, which are defined as community development lending, qualified investments and services with the primary purpose of community development. Performance of the institution is weighed in relation to the level of activity, innovativeness and complexity of activity and responsiveness to the community. State Street's level of community development activities was measured by comparing activities occurring during the time period March 20, 2001 to April 2, 2003, to the level of activity reported during the last CRA examination conducted as of March 19, 2001. Examiners also compared State Street to another wholesale institution located within its assessment area. The institution's community development loan, investment and service files were reviewed to verify that activities were accurately classified.

INSTITUTION'S CRA RATING: This institution is rated " Outstanding "

An institution in this group has an outstanding record of ascertaining and helping to meet the community development needs of its delineated community, especially low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

State Street's performance is rated "Outstanding" based upon its level of community development activity since the last examination. The institution has made a high level of qualified community development investments and grants. Additionally, the bank made occasional use of innovative or complex qualified investments and services to address community development needs.

Through its community development activities, State Street has funded programs that provide affordable housing, job training, educational and health related services within its assessment area. The institution exhibited an excellent responsiveness to the credit and community development needs of its assessment area.

DESCRIPTION OF INSTITUTION

State Street is a wholly owned subsidiary of State Street Corporation headquartered in Boston, Massachusetts. State Street Corporation conducts most of its activities through State Street and its subsidiaries. The institution's business activities focus primarily on securities custody and record keeping services as well as asset management services for large institutional investors domestically and worldwide. Since State Street's strategic focus is not retail in nature, the institution is designated as a wholesale institution for CRA purposes.

As of December 31, 2002 State Street had assets of approximately \$ 79.6 billion. When looking at the asset size of the institution it is important to note the structure of the institution's balance sheet. Due to the core business activity and location of State Street's activities, approximately 60 percent of the assets are limited in type and are dedicated as collateral to offset liabilities. A large portion of State Street's assets are based in non-US assets because of the significant foreign deposit base generated through its worldwide activities. Therefore, it would appear that approximately \$30 billion of liabilities and equity would be available for investing in asset types such as investment securities and loans from which CRA related activities would be realized, rather than the full \$79.6 billion.

State Street conducts minimal lending activities. As of December 31, 2002, loans and leases comprise only 6.4 percent of total assets. Lending is primarily comprised of institutional and foreign exchange loans. Therefore, due to the structure and resources of the institution, community development lending activity is minimal to nonexistent.

State Street maintains one main office located at 225 Franklin Street, Boston and does not operate any retail branches. State Street does not offer retail services to the general public. Any retail activity is ancillary to the bank's primary strategic goal of providing fiduciary and asset management activities.

The Division of Banks and the Federal Reserve Bank of Boston previously examined State Street for compliance with the Community Reinvestment Act on March 19, 2001. That examination resulted in a CRA rating of High Satisfactory and Satisfactory respectively.

DESCRIPTION OF ASSESSMENT AREA

State Street's assessment area consists of Boston, Quincy and Chelsea, all of which are located in the Boston Metropolitan Statistical Area (MSA). According to the 1990 US Census Data, the three communities within the institution's assessment area have a combined population of 687,978. This represents approximately 21 percent of the Boston MSA population. Most of the census tracts in the assessment area are either low-or moderate-income tracts. Within the assessment area's 192 census tracts, 41 (21.4%) are designated as low income, and 81 (42.2%) are moderate income. The 51 middle-income and 13 upper-income tracts represent 26.6% and 6.8%, respectively, of the total tracts. The remaining six tracts (3%) have no income designation and contain no households.

The 2001 and 2002 HUD adjusted median family income for the Boston MSA was \$70,000 and \$74,200, respectively. Median family income figures are used to measure the percent of families across the four income categories of low, moderate, middle, or upper income. Family income is compared to the median income level of either the metropolitan or non-metropolitan area under review. The categories are as follows: low-income is defined as less than 50 percent of median income; moderate-income is from 50 percent to less than 80 percent of median income; middle-income is from 80 percent to less than 120 percent of median income; and upper-income is income of 120 percent or more of median income.

The housing composition in the assessment area is primarily rental housing. Of the total 300,169 units within the assessment area, 66.4 percent are rental units, 30.3 percent are owner occupied and 8.5 percent are vacant units. Refer to the table below for additional housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
Census Tract Income Category	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units
<i>Low</i>	41	40,468	46,184	5,075	39,619	5,379
<i>Moderate</i>	81	119,583	130,973	34,825	91,532	11,154
<i>Middle</i>	51	88,675	94,636	41,744	50,549	5,751
<i>Upper</i>	13	25,327	28,376	9,269	17,478	3,190
<i>Total</i>	186	274,053	300,169	90,913	199,178	25,747

Much of the area's housing stock is old and built prior to 1950. Within the bank's assessment area, the median housing value is \$165,837, which is lower than the Boston MSA value of \$184,019 but above the statewide figure of \$162,213. It should be noted that these statistics are based on 1990 Census housing data. Recent housing statistics, according to Bankers and Tradesman, indicate that Boston's median sales price has increased significantly over the past several years. From December 31, 1999, to October 31, 2002, the median sales price for the City of Boston has risen from \$249,950 to \$379,375, a 52 percent increase. Similar trends were noted within the communities of Quincy and Chelsea.

Community contacts conducted during the examination indicated that affordable housing within greater Boston continues to be a critical need due to increasing housing costs during the past few years. In support of this observation, an October 2000 housing study (latest data available) conducted by the Executive Office for Administration and Finance of the Commonwealth of Massachusetts indicated that the main factor contributing to the high cost of housing in Massachusetts is the low level of housing production. The state produces only about one-third of the per capita rate of multifamily housing than the nation as a whole. Multifamily housing is an important factor in creating lower cost housing. The study pointed out that although Massachusetts subsidizes more housing units than many states, the private sector produces less housing than other parts of the country

CONCLUSIONS WITH RESPECT TO PERFORMANCE

The assessment area of the bank is located entirely within the Boston MSA. A wholesale institution may lend or invest outside of its assessment area once it has been determined that the bank is meeting the needs of its assessment area. It has been determined that a sufficient level of investment took place within the bank's assessment area to therefore warrant consideration of activity in other parts of the country.

LEVEL OF ACTIVITY

COMMUNITY DEVELOPMENT INVESTMENTS

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination.

Qualified Investments

During the examination period, State Street demonstrated a strong level of performance relating to investments in affordable housing programs, economic development and organizations that meet a range of community development needs, particularly for the low- and moderate-income residents of its assessment area. The bank originated \$33 million in new investments during the examination period. The majority of this total stem from equity investments through a local community development intermediary (MHEF) and its community development grants. The bank also retains \$29 million of qualified investments on its bank's books from previous examination periods. Detailed below are the qualified investments provided by the institution.

Affordable Housing

Massachusetts Housing Equity Fund (MHEF)

The Massachusetts Housing Investment Corporation (MHIC) is a non-profit corporation created in 1990 by institutions in Massachusetts to help expand the financing of affordable housing in low- and moderate-income communities throughout the state. Part of the project financing is derived through the sale of limited partnership interests in projects eligible for low income housing tax credits. The equity investments are made through the Massachusetts Housing Equity Fund under Massachusetts Housing Equity Fund Inc. (MHEF), an MHIC subsidiary. MHEF is the general partner, and individual financial institutions in Massachusetts serve as limited partners. Each limited partner purchases investment units in the partnership and enters into an installment agreement obligating the limited partner to pay the unit commitment to the partnership, usually over an eight-year period. In return, the partnership invests the funds in various low-income housing improvement projects to derive tax benefits for the partners.

Through participation in this fund, the institution has specified that investments be limited to partnerships whose investments will be targeted to the Boston metropolitan area. However, there are circumstances whereby State Street participates in projects that are located outside its assessment area. All of the projects located outside the bank's assessment area are either in the Boston MSA or in the Commonwealth of Massachusetts. As stated in the CRA regulations, a wholesale institution may consider community development activities wherever they are located, as long as the institution has otherwise adequately addressed the credit needs within its assessment area. Since State Street has adequately addressed local credit needs, all projects are included in this analysis.

During the review period, State Street committed \$13,424,576 to the 2001, Select Portfolio and 2002 MHEF funds. The bank advanced a total of \$6,120,000 towards these commitments. The bank also advanced a total of \$6,461,000 towards prior MHEF commitments. The book value of previously committed projects totaled approximately \$21 million as of December 31, 2002. Refer to the following table for details on MHEF activity.

Massachusetts Housing Equity Fund Investments

Partnership Fund	#of Units Purchased / % Share of Fund	Original Commitment	Total Advanced	Remaining Balance	Book Value
1994	4.0 / 17.9	\$5,866,200	\$5,781,011	\$85,189	\$1,483,497
1995	4.0 / 17.9	\$5,815,000	\$5,115,000	\$700,000	\$1,758,277
1996	4.0 / 13.3	\$5,680,000	\$4,120,000	\$1,560,000	\$2,051,324
1997	4.0 / 12.0	\$5,680,000	\$2,820,000	\$2,860,000	\$2,344,370
1998	6.0 / 16.7	\$8,520,000	\$2,550,000	\$5,970,000	\$4,093,485
1999	6.0 / 16.4	\$8,520,000	\$919,200	\$7,600,800	\$4,548,317
2000	6.0 / 12.6	\$6,120,000	\$4,624,000	\$1,496,000	\$4,361,705
2001	7.0 / 15.3	\$7,140,000*	\$6,120,000	\$1,020,000	
MHEF Select Portfolio I	1.16 / 35.8	\$1,184,576*	\$0	\$1,184,576	
2002	5.0 / 10.1**	\$5,100,000*	\$0	\$5,100,000	
Totals		\$46,201,200	\$25,929,211	\$20,271,989	\$20,640,975

* During review period

**As of January 31, 2003

The following table reflects the review period limited partnership projects identified for each partnership year and the number of affordable housing units anticipated for each project. Approximately 65 percent of affordable units are inside the bank's assessment area.

Massachusetts Housing Equity Fund Housing Unit Development

Name of Fund	# of Units Market Rate	# of Units Affordable
MHEF 2000	6	424
MHEF 2001	209	453
MHEF Select Portfolio	28	54
MHEF 2002	0	42
	243	973

Retained Affordable Housing Investments

MHIC, LLC

In 2001, State Street's \$4,600,000 loan to the MHIC "loan pool" was converted to an equity interest in a newly formed Massachusetts LLC named MHIC, LLC. MHIC, LLC gives MHIC greater flexibility in tailoring its loan program to meet the changing needs of the affordable housing market. As of December 31, 2002, the book value of the investment remains \$4,600,000, which represents 12.60 percent of the total LLC, which was \$36,500,000.

Limited Partnerships

In 1993, State Street invested \$547,500 in the Oak Terrace Limited Partnership. As of December 31, 2002, this investment had a book value of \$126,346. Although fully-funded commitments are considered, more weight is assigned to new investments made during the examination period.

Economic Development / Small Business Investments

Small Business Investment Companies (SBICs)

During the examination period, the bank invested \$5,000,000 in four separate SBICs. The SBICs provide financing to businesses in need of growth capital and to women-owned and managed businesses. Most of these funds have a geographic focus that targets companies throughout the Northeast and New England. A total of \$1,510,000 has been advanced on commitments during the review period. The following is a listing of the SBICs:

- Summerstreet Capital – State Street invested \$1,000,000 in 2001 in this SBIC headquartered in Springfield, Massachusetts, and Buffalo, New York. While operating on a national basis, Summerstreet will invest a significant portion of the fund in Massachusetts and New England.
- North Atlantic Venture Fund – State Street invested \$1,500,000 in this Portland, Maine- based SBIC that specializes in financing "old economy" small businesses. NAVF management adds value to portfolio companies by conducting annual executive education seminars, the North Atlantic Institute, for portfolio company management in collaboration with prestigious business schools such as Dartmouth (Amos Tuck) and MIT's Sloan School of Business.

- Southeastern Massachusetts Economic Development Corporation Ventures (SEED) – SEED Ventures is in the process of becoming an SBIC licensed by the federal Small Business Administration (SBA). State Street invested \$500,000 into this entity during the review period. See Responsive and Innovative Activity section below for further discussion of this investment.
- Edison Ventures Fund V – State Street recently closed a \$2,000,000 investment in Edison Ventures which has one of the strongest records in SBIC investing in terms of job creation, stemming from its focus on providing expansion capital to rapidly growing technology companies. Edison is both currently and historically highly active in providing growth capital to Massachusetts-based businesses.

Retained Economic Development / Small Business Investments

SBICs

The bank retains an interest in five other SBICs noted in prior evaluations. The book value of five previous investments in various SBICs was \$2,002,000 as of March 15, 2003.

Boston Community Venture Fund

State Street is a \$350,000 investor in this community development venture capital fund. Unlike traditional venture capital funds, this fund makes smaller investments in emerging community-based businesses that can provide a double bottom line – a financial return and a social return. The fund focuses on businesses within Massachusetts.

Boston Community Loan Fund, Inc.

In 1999, State Street invested \$150,000 in the Boston Community Loan Fund (BCLF). The BCLF, which was designated as a Community Development Financial Institution (CDFI) in 1997, was established as a non-profit organization in 1985 to provide capital to community-based organizations and projects that might otherwise not be financed.

Other CRA Investments

Access Capital Strategies Community Investment Fund, Inc.

State Street invested \$1,000,000 into this fund during the review period. Access, based in Cambridge, is structured to provide a secondary market for securities designed to meet investor's CRA needs. The Community Investment Fund purchases securities backed by affordable housing loans, community development loans, student loans, and small business loans. The bank also maintains a \$1,000,000 investment in this fund from the previous examination.

OneUnited Bank (formally Boston Bank of Commerce)

State Street maintains an account of \$100,000 in the form of a certificate of deposit in OneUnited Bank. This institution is a minority run institution designated as a Community Development Financial Institution (CDFI) serving the needs of primarily low- and moderate-income neighborhoods in Boston. The institution also maintains an equity investment in shares of OneUnited stock with a dollar value of \$375,000.

In-Kind Donations

State Street provided in-kind donations of computer equipment and office furniture to several organizations that primarily serve low- and moderate-income persons. During the review period, the institution's in-kind donations totaled \$39,000.

Corporate Grants

State Street Foundation is a nonprofit, charitable trust that provides grants to various organizations in the Boston area. Most of the organizations which submitted funding requests for consideration provide community services as defined by the regulation or have instituted programs targeting low- and moderate-income persons or geographies. Such qualifying services include community-based childcare, health care, education, and social services. During the review period, State Street awarded qualifying corporate grants totaling \$8,652,073 to over 400 organizations.

State Street also made corporate gifts totaling \$3,250,000 to the United Way of Massachusetts Bay during the review period. These gifts were made with the stipulation that funds would be earmarked for programs benefiting low- and moderate-income individuals in Massachusetts.

In addition, grants totaling \$1,294,409 to community development organizations outside the bank's assessment area were also considered.

A representative sample of these organizations is provided below.

Center for Women and Enterprise – State Street has provided financial support for the Center’s “Making Your Money Work” program. The program was designed to meet the unique educational needs of very low-income women living in inner cities. The program introduces aspiring entrepreneurs to the basics of financial literacy, from developing personal budgets to understanding cash flow statements.

Citizen’s Housing and Planning Association (CHAPA) - CHAPA is a non-profit umbrella organization for affordable housing and community development activities in Massachusetts.

Massachusetts Association of Community Organizations for Reform Now (ACORN) ACORN is a grassroots community organization of low and moderate-income families who have come together to improve their communities. ACORN focuses on the empowerment of low- and moderate-income people by identifying and researching community issues and developing direct action campaigns to resolve these issues.

Massachusetts Association of Community Development Corporations (MACDC) - The MACDC was established in 1980 as a trade association, which advances the work of non-profit community based development organizations (CDCs). MACDC helps its 66 member CDCs to develop housing, create jobs, provide services and increase the self -sufficiency of residents in urban and rural communities throughout Massachusetts.

Organization for a New Equality (ONE) - This organization works to provide opportunities to people historically excluded from the economic mainstream in the Greater Boston area. State Street made donations to support ONE’s Developing Revenue and Economic Awareness with Minority Youth (D.R.E.A.M.) Program.

COMMUNITY DEVELOPMENT SERVICES

Community development services are defined as activities in which the institution, or its staff, provides services or technical expertise with a primary purpose of community development. State Street has maintained a very good level of involvement in community development service activities since the last examination. The institution accomplishes this by continuing to conduct non-profit oriented seminars, donating meeting space, and lending executives to various boards or committees. Detailed below are the community development services provided by State Street:

SSgA Affordable Housing Mortgage Fund

In 1997, State Street created an investment fund for institutional investors that will provide up to \$100 million in first mortgages for affordable housing units nationwide. The fund known as SSgA Affordable Housing Mortgage Fund LLC consists entirely of first mortgage loans secured by affordable, multifamily apartment complexes that are tax credit qualified.

The pension funds of two large organizations initially capitalized the fund, and other tax-exempt foundations and endowments provided additional equity. Closed loans and loan funding commitments total \$56,000,000, which produced 1,909 units of affordable housing. For the time period covered by this examination, 364 units of affordable housing were created. Favorable consideration is given for State Street's role in the creation and management of the fund.

Discretionary Charitable Trusts

State Street also provides financial expertise in directing trust fund monies to various organizations and programs throughout the greater Boston area. Through the management of individual trust fund accounts, the institution has discretion to donate monies to different organizations. Recognizing its responsibility to the community, the institution chooses to direct funds to organizations that serve its community, many of which are oriented toward community development. During the review period, the institution distributed approximately \$4 million in grants to agencies serving affordable housing and community welfare needs.

INVOLVEMENT IN COMMUNITY ORGANIZATIONS

Technical Expertise

The bank's officers and directors are active participants in civic, charitable, and non-profit organizations. Bank Officers serve in many key positions such as directorships, and various committees. Detailed below are some examples of the positions held by bank officers during the review period:

- **Massachusetts Housing Investment Corporation (MHIC)**

State Street's Chairman and COO is Chairman Emeritus of the Massachusetts Housing Investment Corporation (MHIC). MHIC is a nonprofit corporation established to support the development of affordable housing throughout the commonwealth. Since inception in 1990, State Street has provided technical expertise and leadership to this organization. Additionally, a senior vice president of State Street also holds a position on the Board of Directors of MHIC.

- **Urban League of Eastern Massachusetts**

The Executive Vice President and Director of Community Affairs is the Chairman of the Urban League of Eastern Massachusetts (ULEM). ULEM is an interracial, non-profit, community based organization that serves and supports low- and moderate-income residents of Greater Boston. ULEM provides both direct service education programs through collaboration with the Boston Public Schools. Its core clients are low-income African American men and women. He also serves on the Board of Directors for the Organization for a New Equality.

- **YMCA of Greater Boston Black Achievers Branch**

YMCA Black Achievers Branch offers high school juniors and seniors an intensive eighteen month pipeline program designed to raise awareness of career and college options; encourage students to stay in school; help students develop leadership skills; foster mentoring relationships between students and professionals and provide financial and other information that will help prepare students for college. State Street's Executive Vice President chairs the Black Achiever's program.

- **Metropolitan Boston Housing Partnership (MBHP)**

MBHP is a nonprofit organization whose purpose is to convene and provide leadership for community-based organizations involved in developing, advocating for programs that meet the shelter needs of low- and moderate-income neighborhoods in Metropolitan Boston. MBHP helps organizations working in low-income communities to be more effective through a combination of technical assistance, direct training, program advocacy and information and resource training. State Street's President and Chief Operating Officer is a member of the MBHP's Board.

- **United Way of Massachusetts Bay (UWMB)**

UWMB is the premier community-focused non-profit organization dedicated to improving people's lives in cities and towns throughout Greater Boston. UWMB achieves positive community development outcomes through the aggregation of both volunteer and monetary resources. State Street is the single largest contributor to UWMB for the last nine consecutive years. State Street's Chairman and CEO is Chairman of the Board of United Way.

- **Greater Boston Chamber of Commerce – Affordable Housing Task Force**

Established in 2001, the Task Force is charged with evaluating strategies that can be employed by the Greater Boston business community to increase the supply of affordable housing in Greater Boston. A State Street Vice President is a member of the Task Force.

- **Lower Washington Street Neighborhood Task Force**

Established by the Chinatown neighborhood, the Lower Washington Street Task Force meets regularly to discuss the negative impacts of adult entertainment (and policy responses to them) on Boston's lowest income neighborhood. A State Street Vice President serves as a member of the Task Force.

DONATION OF MEETING SPACE

State Street donates meeting space to several nonprofit and health organizations including Metropolitan Boston Housing Partnership, Urban League of Eastern Massachusetts, Organization for New Equality and The Business Collaborative.

RESPONSIVENESS TO COMMUNITY

Responsive and Innovative Activities

State Street has taken a leadership role in meeting the most immediate and long term needs of its community. As evidenced by the bank's level of community development activity, State Street demonstrates a high degree of responsiveness and clear commitment to its community by addressing the most pressing needs of affordable housing and small business growth and development.

Qualified investments through the MHEF and SBICs also made a significant impact in the bank's assessment area as it provided additional units of affordable housing and needed capital to small businesses, addressing an immediate need in the community. Grants to various organizations also provided community services such as health care, job training and education to low- and moderate-income individuals.

The following illustrates a combination of investment and service activities utilized by State Street to help meet community needs.

Homelessness Special Grants Initiative – For twelve months beginning in late 2001, State Street's Community Affairs Division closely monitored the developing funding crisis among Boston's nonprofit providers of services to the homeless. Due to an exceptionally mild winter in 2001-

2202, homeless agencies were able to deliver services at a reasonable level. In advance of the winter of 2002-2003, it became clear that a number of factors were bringing the homelessness crisis to a head such as an increase in the homeless population, a severe and early winter, and rapidly diminishing public resources. In response to this crisis, State Street Foundation staff compiled a list of agencies on the “front lines” of homelessness. This list was designed to allow State Street to undertake a comprehensive and unprecedented response to the crisis of this past winter. A total of 22 agencies providing shelter, food, medical, job skills, and social services to Boston’s homeless population received special grants totaling \$720,000. State Street provided these grants without formal requests. This action is considered extremely responsive and innovative for the method employed to identify and respond to immediate community needs.

Urban Business Alliance - Beginning in 2002, State Street forged a partnership with the Pioneer Institute to look carefully at the issue of how to better enable low-income entrepreneurs to start and grow businesses. State Street is working with Pioneer to assist the current network of community-based business advisors, primarily CDCs and other non-profits, to help inner city businesses to “move to the next level”.

In response, State Street has worked with Pioneer on the design of a new program, now known as the Urban Business Alliance, that will address the need to significantly raise the level of sophistication of the business consulting services available to urban entrepreneurs. State Street has committed \$100,000 to this effort as lead sponsor. In addition, State Street Chairman and CEO assisted in the outreach to local business schools to introduce the program and encourage its participation.

Recently, Pioneer chose Boston University School of Management as the academic partner for the program. State Street is committed to continue to work closely with Pioneer and BU on design and development of a business consulting curriculum to train inner-city business advisors. All of the consultants that will be trained through the program will be affiliated with community-based nonprofits, many of them CDCs.

One of the most impressive features of this program is that it will, for the first time, help build bridges between business schools and urban entrepreneurs and bring a more sophisticated and higher quality approach to community development business consulting efforts. This investment and service effort is considered both responsive and innovative.

Boston Private Industry Council (PIC) – State Street Chairman and CEO served as Chair of the PIC/City of Boston Summer Jobs program during 2001 and 2002. The Summer Jobs program annually places low-

and moderate-income residents of Boston's neighborhoods in summer jobs with a wide range of Boston's businesses. In 2002, State Street placed 150 students in full time employment.

Through the Chairman and CEO's leadership of the Summer Jobs Program, some 4,531 students were placed in the summer of 2002, which was only 11 percent less than in the summer of 2001, despite a much more challenging economic environment.

Additionally, the Mayor of the City of Boston, facing a FY 2002 budget deficit and reduced state assistance for Summer Jobs, was initially forced to put the placement of students with nonprofit organizations on hold. Prior to 2002, the City paid the wages of summer interns that are placed with many of the City's nonprofits (for-profit employers pay the full wage of summer interns). In order to continue this program, the Mayor and PIC concluded that funds needed to be raised from the business community totaled \$500,000. The Mayor asked the Chairman and CEO of State Street, as Chair, to take on the additional task of spearheading this fundraising effort, which, in the end, successfully saved the nonprofit component of the 2002 Summer Jobs program. The State Street Foundation made the first grant/investment in the amount of \$75,000. Another nine companies contributed to the fund that was used to put 162 students to work at 52 community based organizations. These service and investment activities are considered to be very responsive.

Citizens Energy Corporation – For three consecutive winters beginning in 2000-2001, State Street has taken a leadership role in helping Citizens Energy raise funds to augment its heating oil program that provides half price heating oil to low-income households in Massachusetts. The program serves those families that have either exhausted their federal fuel assistance or just missed the cutoff for fuel assistance. The private funds raised go to two goals: increasing the number of families served and helping those who can't afford even the half price charged by providing the oil free of charge. State Street's Executive Vice President has chaired this fundraising effort for three consecutive years. Each year, State Street has led off the fundraising effort with a \$100,000 grant from the State Street Foundation for a total of \$300,000, \$200,000 during the current exam period. All told, State Street has helped raise \$1,228,000 in private capital for low-income fuel assistance. These efforts are considered very responsive to community needs.

Massachusetts Housing Investment Corporation – In 2002, in direct response to a request from MHIC management, State Street purchased an additional 2 units (slightly over \$2,000,000) of tax credit investments. This was in direct response to specific needs that arose at MHIC during

the exam period. This support was over and above the strong annual support provided by State Street to MHIC since its inception, discussed in detail above.

Southeastern Massachusetts Economic Development Corporation (SEED) SEED Ventures, LP

SEED Ventures LP is in the process of becoming an Small Business Investment Corporation (SBIC) licensed by the federal Small Business Administration (SBA). SEED Ventures will assist economic development efforts by providing growth capital to businesses that create jobs for moderate- and low-income individuals. SEED, the sponsor of the fund, is a nonprofit economic development agency with a long and successful track record in promoting economic growth in Southeastern Massachusetts, an area designated as an Economic Target Area by the Commonwealth. State Street's \$500,000 investment will assist SEED in providing sorely needed equity capital and debt to small businesses in the coming six to ten years.

Select Innovative Program Grants – State Street has sought out innovative programs promoted by local non-profits to support. The following are programs that are innovative in nature and are responsive to community needs.

- Dimock Community Health Center – State Street's 2002 \$100,000 grant funded Dimock's creation of a new Medical Assistant's Training Program aimed at low-income inner-city women.
- YearUp - State Street's \$40,000 in grant support helped establish an intensive combination of training in basic professional skills combined with technology training. YearUp also utilizes internships and mentoring in the most comprehensive program of its kind aimed at LMI high school graduates. The 2002 grant was aimed at an outreach effort to the local Vietnamese community.
- Jewish Vocational Services – State Street's \$25,000 grant that funds the Center for Life Long Learning (CALL). The purpose of CALL is to supplement pre-employment training with post-employment training aimed at enhancing the long-range economic prospects of the working poor.
- International Institute of Boston (IIB) – State Street's \$100,000 grant assisted IIB in its capital campaign allowing IIB to provide critical services to new Bostonians in the form of literacy classes, citizenship education, job counseling and placement, legal aid, and other social services.

- Codman Square Health Center – State Street’s \$28,000 grant helps fund the ATLAS Afterschool program that uniquely combines general academic support, peer leadership training, tutoring, and test preparation.
- Boston Community Access Programming Foundation – State Street’s \$25,000 grant helped establish a one-of-a-kind Multimedia Job Training Project that annually trains 24 low-income adults from Boston’s Empowerment Zone for jobs requiring multimedia computer skills.

Quincy-Geneva Housing Corporation – In 2001, a State Street Vice President, in response to a critical need for management assistance at Quincy-Geneva Housing Corporation (a Boston CDC), began a long-term volunteer engagement. The services, provided primarily during working hours release time, involved a review of accounting procedures and financial reporting, both areas in need of shoring up in order to restore financial stability and the company’s reputation in the community.

Financial Services Academy - In 1998, State Street took a leadership role in the establishment of the Financial Services Academy (FSA). Recognition for that role was highlighted in the previous examination. The academy is a collaboration of community-based organizations, whose founding members are from the banking, mutual funds and insurance sectors, and the New England College of Finance. The Academy’s mission is to recruit and train primarily low-income inner-city individuals for entry-level professional positions in the financial services industry. The founding members also committed to hiring graduates of the Academy into their own companies. State Street’s Executive Vice President and Community Affairs Director is the founding Chairman and member of the FSA Board of Overseers. During the review period, State Street employed 29 graduate individuals.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

STATE STREET BANK AND TRUST COMPANY

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **APRIL 2, 2003** has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2)
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.